
“CMIA Developments - 2002”

Cash Management Improvement Act (CMIA) “Efficient, Effective & Equitable Cash Management”

**Presentation to
National Association of State Auditors, Comptrollers and Treasurers
(NASACT)
16th Annual Conference on Cash Management & Electronic Commerce
May 15, 2002**

Presentation Overview

- ***CMIA History & Goals***
- ***CMIA Overview***
- ***CMIA Principles***
- ***State of CMIA 2002***
- ***Annual Report In a Nutshell***
- ***Focus of Process Improvement***
- ***Peek at the Future***
- ***JITRABTSARC***

CMIA GOALS

- ***Early Drawdown – Late Payment of Federal Financial Assistance***
- ***Efficiency, Effectiveness, and Equity In the Transfer of Federal Financial Assistance Between the Federal Government, the States, the District of Columbia and the Territories***
- ***“Just-In-Time” Payments***

WIIFY

Improved Cash Management Has A Significant Impact On the State

- ***Reduces Lost Resources to the Citizens***
- ***Improves Bond Rating***
- ***Decreases Debt Burden***
- ***Demonstrates Effective Grants Administration***
- ***Creditability and Accountability***
- ***Good Government***

“CMIA Overview”

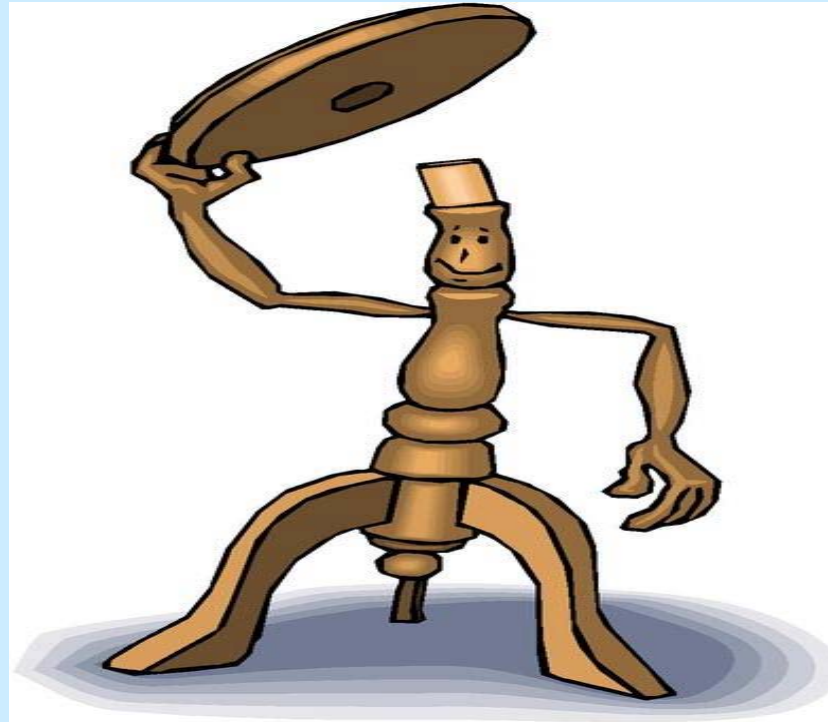
- ***Federal Grants to States Is a Huge Cash Flow (\$250 Billion Annually)***
- ***Customers: 50 States/5 Territories/DC***
- ***Partners: 20 Federal Grant Agencies***
- ***245 Federal Grants***
- ***Tangible Annual Savings for Treasury = \$30-\$50 million***
- ***Intangible Savings Even Greater***
- ***7 Staff Members***

CMIA



***The Three Partners In Good Cash Management”
States & Territories – Federal Agencies – FMS***

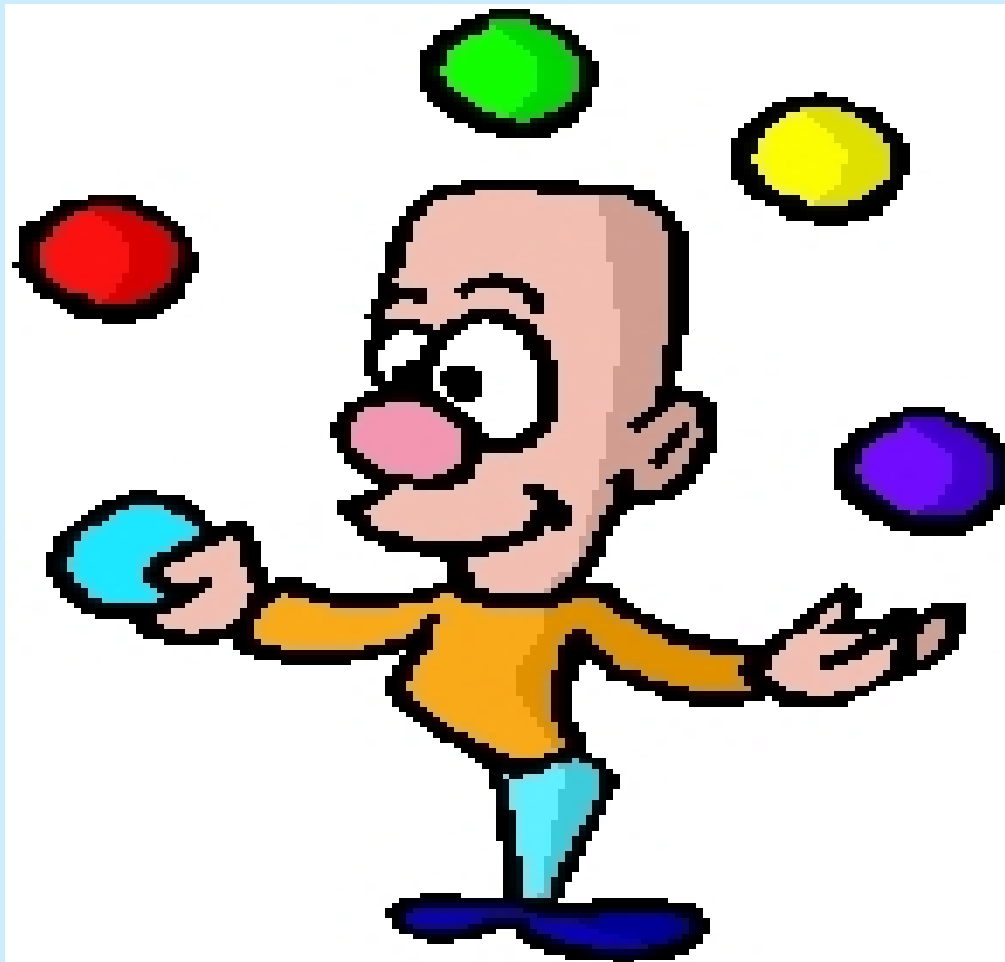
CMIA Is A Like A Three Legged Stool



***Efficiency – Effectiveness – Equity
States – Federal Agencies - Treasury
TSAs – Annual Reports – Single Audits***

CMIA Principles

- ***Sound Cash Management Is Good for Everyone***
- ***Federal agencies Have An Obligation to Disburse Funds Timely***
- ***States Have An Obligation to Requests Funds Timely***
- ***Interest Is Not the Objective - It's An Incentive for Better Cash Management***
- ***Federal agencies Have A Responsibility to Minimize State Cash Balances On Hand Before Further Disbursements***
- ***States Select the Appropriate Funding Technique***
- ***Funding Techniques that Result In Interest Are Undesirable - Only Temporary***
- ***FMS to Ensure Timely Payments for Properly Received Requests***
- ***If A State Repeatedly or Deliberately Fails to Request Funds IAW the TSA, FMS May Deny the State Payment for the Resulting Federal Interest Liability (31 CFR 205.17(I))***



State of the CMIA Program 2002

ANNUAL REPORT 2001 – In A Nutshell

Preliminary Data

- **Total Number Grants Covered: 1650**
- **Total Number Federal Interest Liability (FIL) Claims: 1292**
- **Total Number FIL Claims Greater Than \$ 0: 358**
- **Total Number FIL Claims Greater Than \$5000: 137**
- **Total FIL Claims (\$): \$ 16.7 Million**
- **Total FIL Claims Greater Than \$5000 (\$): \$ 16.5 Million**
- **# Deferrals End of Initial Review Process: 93**
- **\$\$\$ Amt Deferrals: \$4.8 Million**
- **Total Number Prior Period Adjustment Claims: 28**
- **\$\$\$ Amt Prior Period Adjustment Claims: \$4.5 Million**
- **Total Number FIL Claims Denied: 51**
- **Total FIL Claims Denied: \$ 5.4 Million**
- **Percentage FIL Claims Denied (\$): 32 %**
- **Reimbursed Administrative Costs to the States: \$ 1 Million**
- **State Interest Liabilities Paid to Treasury for Early Drawdown: \$ 65 Million**

CMIA OUTCOMES: 8-Year Summary
State and Federal Interest Liabilities + Direct Costs
(In Millions of Dollars)
Preliminary Information

Year	State	Federal	Direct Costs	Net Interest Savings
FY 1994	\$ 34.0	\$ 4.0	\$ 2.7	\$ 27.3
FY 1995	\$ 67.0	\$ 6.5	\$ 1.1	\$ 59.4
FY 1996	\$ 65.0	\$ 13.0	\$ 0.9	\$ 51.1
FY 1997	\$ 61.0	\$ 4.9	\$ 0.9	\$ 55.2
FY 1998	\$ 53.0	\$ 3.8	\$ 0.8	\$ 48.4
FY 1999	\$ 35.0	\$ 4.5	\$ 0.9	\$ 29.6
FY 2000	\$ 66.1	\$ 22.9	\$ 1.1	\$ 42.1
FY 2001	\$ 64.7	\$ 14.9	\$ 1.0	\$ 48.8
Totals	\$ 445.8	\$ 74.5	\$ 9.4	\$ 361.9

Tangible Savings for Treasury (92-01) = \$ 362 millions

Major Opportunities to Reduce SILs

- ***Reduce or Eliminate Use of Pre-Issuance or Post-Issuance Funding Techniques***
- ***Maintain Accurate Clearance Patterns***

Major Opportunities to Reduce FILS

- ***Reduce Late Grant Awards***
- ***Eliminate State Confusion Over Supplemental Award Process***
- ***Clarify the Guidance Regarding the Use of Funds From Different Award Periods***
- ***Expedite Application Submission & FPA Review Process***
- ***Ensure Timely Notification of Grant Award Notices*** *(Some States Receive Delayed Award Notices)*
- ***Work With States to Minimize FILs That Result From End of Quarter Reconciliations***

Process Improvements: TSAs

- ***Limited Understanding of CMIA Among Grant & Financial Mgr***
- ***Tardy Submissions By States***
- ***Outdated Provisions***
- ***Outdated Clearance Patterns***
- ***Failure to Drawdown Funds Pursuant to the TSA***

Process Improvements: Annual Reports

- ***Tardy Submissions By States***
- ***Tardy Reviews By Federal Agencies***
- ***Inadequate Documentation to Support Claim***
- ***Failure to Follow Guidelines for Requesting Supplemental Awards***
- ***Failure to Drawdown Funds Pursuant to the TSA***
- ✕ ***See JITRABTSARC-10 Special Focus Initiative***

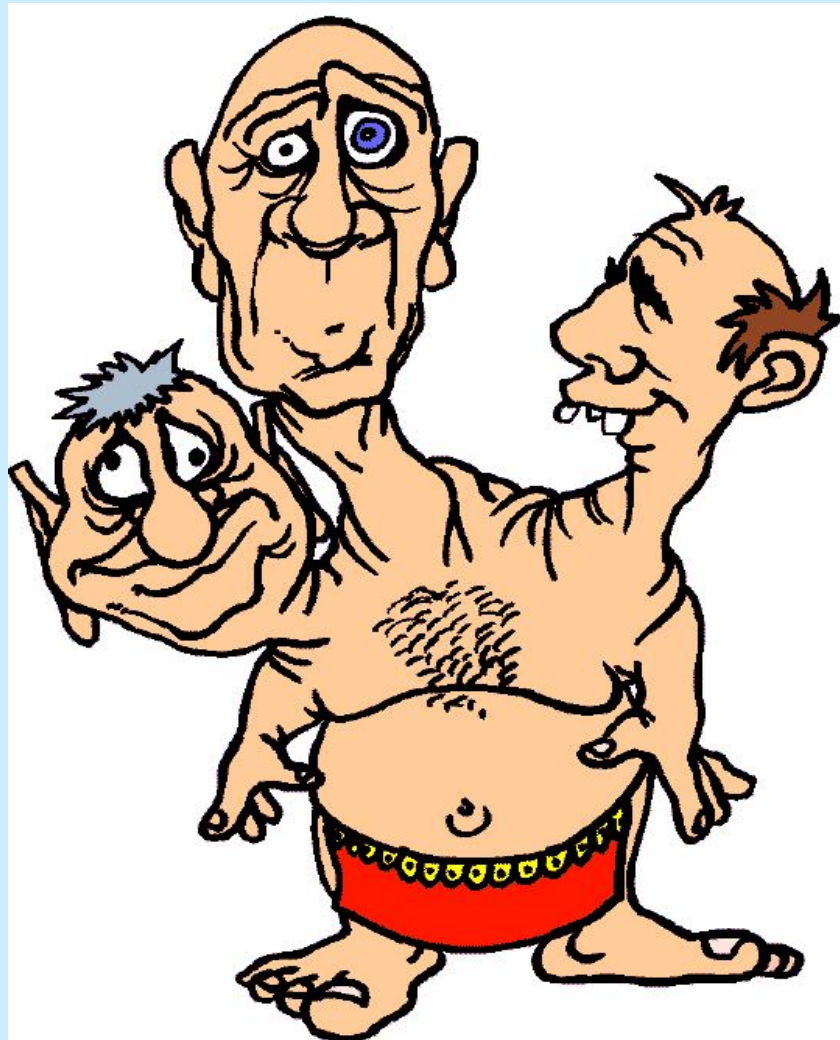
Essentials for Process Improvement

- ***Major Management Commitment - CFO, CFO Council. Agency Heads, Grants Managers, Financial Administrators***
- ***Training***
- ***Establish Performance Measures & Hold Responsible People Accountable***
- ***Negotiate Funding Techniques That Time Drawdown of Grant Funds With Payment of Grant Expenditures***
- ***Draw Funds IAW the TSA***

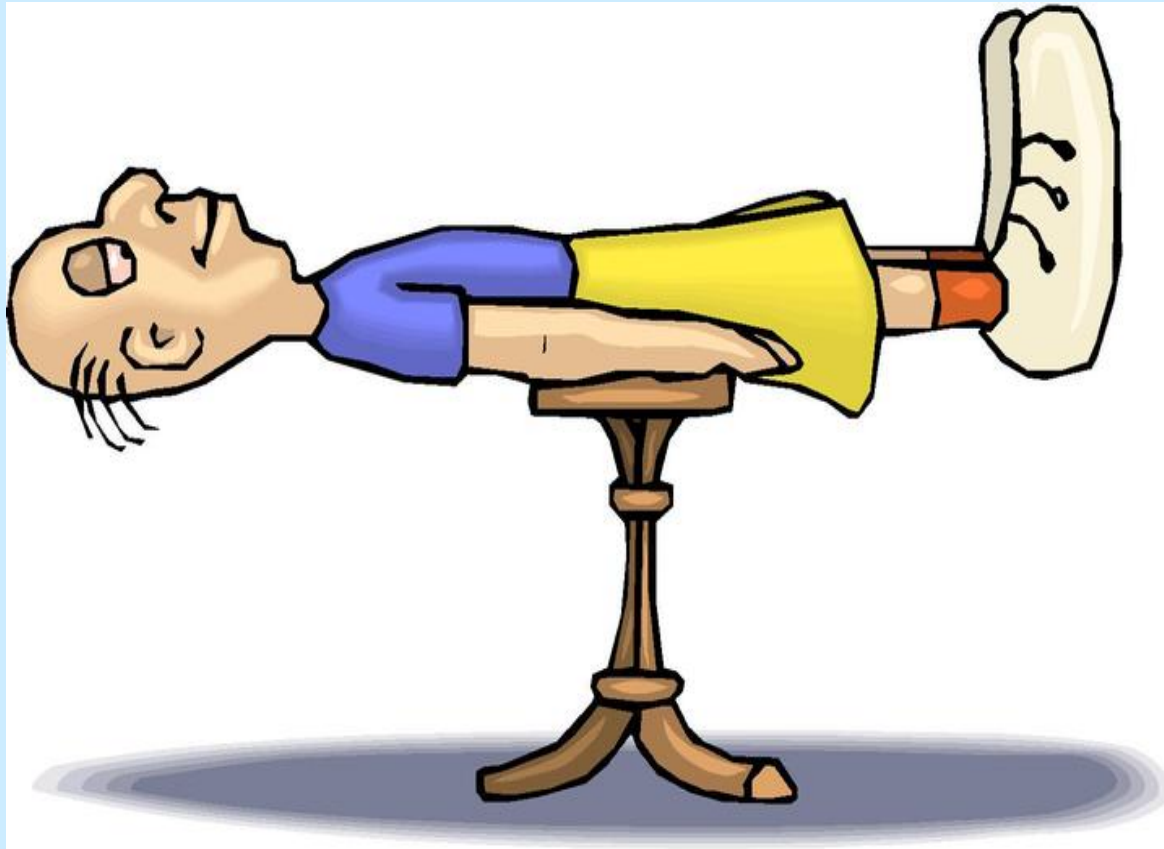
A Peek At the Future !

- ***Negotiation of TSA 2003***
- ***Rollout of New CMIA Regulations***
- ***Pilot Test – Deployment of CMIAS III***
- ***Continued Single Audit Oversight***
- ***Review Direct Cost Claims***
- ***Review State Interest Liability Calculations***
- ***Re-negotiate Outdated TSA Provisions***
- ***Eliminate Outdated Clearance Patterns***
- ***Targeted Technical Assistance***
- ***Identify New Process Improvement Opportunities***

So, We're All In This Together !



We're Balanced & Rational Partners !



***Together We'll Make CMIA
A Success For Everyone !***



Where To Get More Information ?

- ***Financial Management Service (FMS)
Program Compliance Division***

Fred Williams, CMIA Program Manager

Email: fred.williams@fms.treas.gov

Voice: 202-874-6736

Your CMIA Program Coordinator, or

- ***WebLink to CMIA: www.fms.treas.gov
Search: CMIA***

“Hope U Enjoyed”

***Thanx,
The CMIA Team !***

JITRABTSARC - 10

Joint Initiative To Reduce Administrative Burden to Support Annual Report Claims

- Complete Documentation IAW FMS Must Be Submitted Timely
- Documentation to Support FIL Claims Must Be Consistent With FMS Guidelines
- Documentation Must Be Provided in an Electronic Format to Permit Efficient Review of Claim(s)
- Documentation Must Support the \$\$\$ Amount of the Claim
- When A Spreadsheet Is Provided As Documentation, It Must Include a Legend, e.g. “turndate, accdate”
- Complete Documentation Must Be Provided To Support Each Portion of a FIL Claim
- Use of the Average Daily Balance Is Insufficient to Support An FIL
- Pre-Issuance States (like other States) Must Provide Information Indicating the Date When Funds Were Requested
- Prior Period Adjustments Must Be Documented, Even If <\$5000
- Disallowances Are Not Covered By CMIA